

**ORDER**

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**PASSENGER FACILITY CHARGE**



August 9, 2001

**DEPARTMENT OF TRANSPORTATION  
FEDERAL AVIATION ADMINISTRATION**

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discrepancies raised against public agencies that have not used the guidance are more likely to trigger additional FAA monitoring activities, including requiring additional reports, the undertaking of an audit, or a request for DOT OIG intervention. Such an approach shall not foreclose other FAA options for responding to and enforcing correct holding and use procedures.

**7-20. FAA REVIEW OF PUBLIC AGENCY AUDITS.** The FAA Airports office should request that each public agency subject to the PFC annual audit requirement submit a copy of its audit to the FAA Airport office each year. The FAA Airports office should promptly review each audit to determine whether the auditor has issued an unqualified opinion. If a public agency fails to complete an audit, or if the auditor issues other than an unqualified opinion, the FAA Airports office should notify APP-530. Moreover, APP-530 should be notified if any air carrier or other party reports potential problems with the audit findings. The FAA intranet documents site includes a checklist that is recommended for use in reviewing public agency audits.

**7-21 to 7-25. RESERVED.**

## **SECTION 5. RECORDKEEPING AND AUDIT—AIR CARRIERS**

**7-26. ACCOUNT.** Collecting carriers shall establish and maintain, for each public agency for which they collect a PFC, an accounting record of PFC revenue collected, remitted, refunded, and compensation retained under §158.53(a). The accounting record shall identify each airport at which the passengers were enplaned.

**7-27. AUDIT.** Each collecting carrier that collects a PFC from more than 50,000 revenue passengers annually shall provide for an audit, at least annually, of its PFC account.

**a.** The audit shall be performed by an accredited independent public accountant and may be of limited scope. Limited scope means that the public accountant must perform only those tests and procedures necessary to render the opinions required below. The accountant shall express an opinion on the fairness and reasonableness of the carrier's procedures for collecting, holding, and dispersing PFC revenue (also known as an examination of the air carrier's system of "internal controls"). The opinion shall also address whether the quarterly reports required under §158.65 of the PFC regulation fairly represent the transactions in the PFC account (also known as a "report on PFC schedules"). Transactions are defined as the account transactions required to represent the receiving, holding, and dispersing of PFC revenues by the air carrier.

**b.** The auditor must, at a minimum, provide the opinions described above. Specific audit guidelines for the PFC program are contained in the Passenger Facility Charge Audit Guide for Air Carriers, (64 FR 44777), also available on the PFC internet document site.

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c. For the purposes of an audit under this section, collection is defined as the point when agents or other intermediaries remit PFC revenue to the carrier.

d. Upon request, a copy of the audit shall be provided to each public agency for which a PFC is collected. The FAA may request copies of air carrier audits under the "Federal Oversight" provisions contained in §158.71 of the PFC regulation (see paragraphs 7-28, 7-29, and 7-37).

e. In those cases where the FAA deems that an audit may be necessary for those carriers with less than 50,000 PFC passengers annually, the audit would be performed by the Administrator, the Secretary or the Comptroller General, or their designee, as provided in §158.71.

**7-28. ACCEPTABLE LEVEL OF ASSURANCE.** The FAA has determined that the use of the procedures in the Passenger Facility Charge Audit Guide for Air Carriers will provide sufficient programmatic assurance that the air carrier has met the requirements of §158.69 or is correcting items noted in its audit report such that the FAA would not normally require additional reports, undertake an audit of the air carrier, or request DOT OIG intervention on the FAA's behalf. The FAA would not normally initiate further monitoring efforts unless a subsequent alleged gross violation of the regulation is substantiated.

However, the FAA will not have the same level of confidence that a air carrier which has not used the guidance is in compliance with the collection and remittance requirements of §158.69. Accordingly, alleged collection and remittance discrepancies raised against air carriers that have not used the guidance are more likely to trigger additional FAA monitoring activities, including requiring additional reports, the undertaking of an audit, or a request for DOT OIG intervention. Such an approach shall not foreclose other FAA options for responding to improper collection and remittance practices and enforcing correct collection and remittance procedures.

**7-29. REVIEW OF AIR CARRIER AUDITS.** APP-530 will request copies of air carrier annual audits to review them for completeness. Possible problems in air carrier annual audits identified by public agencies should be promptly reported to APP-530 and the Office of the Secretary of Transportation, Assistant General Counsel for Environmental, Civil Rights, and General Law (C-10).

**7-30 to 7-35. RESERVED.**

## **SECTION 6. FEDERAL OVERSIGHT**

**7-36. PUBLIC AGENCY.** The FAA may periodically audit and/or review the use of PFC revenue by a public agency. The purpose of the audit or review is to ensure that

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the public agency is in compliance with the requirements of the regulation and 49 U.S.C. 40117. As noted in 7-19, the FAA will be less likely to undertake an audit of a public agency if the public agency follows the steps recommended in FAA's Passenger Facility Charge Audit Guide for Public Agencies.

**7-37. AIR CARRIERS.** The FAA may periodically audit and/or review the collection and remittance by the collecting carriers of PFC revenue. The purpose of the audit or review is to ensure collecting carriers are in compliance with the requirements of the regulation and 49 U.S.C. 40117. As noted in 7-28, the FAA will be less likely to undertake an audit of an air carrier if the air carrier follows the steps recommended in FAA's Passenger Facility Charge Audit Guide for Air Carriers.

**7-38. ACCESS TO DOCUMENTATION.** Public agencies and carriers shall allow any authorized representative of the Administrator, the Secretary of Transportation, or the Comptroller General of the U.S., access to any of its books, documents, papers, and records pertinent to PFC's.

**7-39 to 7-45. RESERVED.**